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FISCAL IMPACT STATEMENT

LS 6775

BILL NUMBER: HB 1281

NOTE PREPARED: Jan 12, 2008

BILL AMENDED:

SUBJECT: Property tax exemptions.

FIRST AUTHOR: Rep. Saunders

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill requires the Department of Local Government Finance (DLGF) to adopt rules for determining whether property is used for a charitable purpose. It requires payments in lieu of taxes (PILOTs) on property exempt from property tax, except for certain property used for governmental, educational, and religious purposes.

Effective Date: Upon passage; July 1, 2008.

Explanation of State Expenditures: *PILOTs.* The bill requires PILOTs on property exempt from property tax, except for certain property used for governmental, educational, and religious purposes. The amount of the PILOT is the greater of \$100 or 1% of the assessed value (AV) of the property. The amount of PILOTs that will be paid is indeterminable, but will be based on the number and AVs of properties that qualify. The PILOT would be paid from the state General Fund.

Rules. The DLGF must adopt rules for determining whether property is used for a charitable purpose. The DLGF should be able to adopt rules given existing resources.

Explanation of State Revenues:

Explanation of Local Expenditures: Township assessing officials must assess charitable property as though the property were not subject to an exemption. This provision will increase the number and types of properties that local assessing officials will need to assess. Administrative expenses will increase depending on existing assessing resources and the number and types of charitable properties located within each township.

Because assessing practices vary widely, a statewide impact is indeterminable. Some assessing officials use in-house staff; some hire additional staff for assessments; some contract with large firms to complete assessments. Additionally, some assessing officials within the township are set up to assess certain types of property. Variations in assessing practices and resources prohibit estimating an impact statewide.

Explanation of Local Revenues: The amount of revenue that counties will receive from PILOTs is indeterminable. However, PILOTs must be collected and distributed in the same manner as property taxes are collected and distributed and may be used for any purpose for which property taxes may be used.

State Agencies Affected: DLGF.

Local Agencies Affected: Local governmental units.

Information Sources:

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